

INITIAL STATEMENT OF REASONS
CHANGES TO SPECIAL FEES CHARGED HOSPITALS AND
LONG-TERM CARE FACILITIES

ADMINISTRATIVE REQUIREMENTS, SPECIFIC PURPOSES, AND RATIONALE

The Healthcare Information Division of the Office of Statewide Health Planning and Development (Office) collects and analyzes financial and utilization data from California hospitals, long-term care facilities, licensed clinics, home health agencies, and hospices; collects patient-level data from California hospitals and ambulatory surgical clinics; examines costs and quality of healthcare services; integrates health data systems of the State; facilitates health services research; and disseminates healthcare information to healthcare participants, administrators, policy makers, and the public.

The Office's current data programs are funded based on an annual special fee charged to each licensed hospital and long-term care facility. This special fee is set to produce revenues sufficient to fund the budget appropriation for the Office's data programs.

NECESSITY

Section 90417 of Title 22 of the California Code of Regulations establishes the level of special fee rates annually assessed health facilities licensed pursuant to Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code. As authorized by Section 127280 of the Health and Safety Code, each year the Office establishes the fee sufficient to produce revenues equal to the budget appropriation for the Office's data programs. Section 127280 of the Health and Safety Code limits the special fee not to exceed 0.035% of the annual gross operating costs of health facilities.

The Office has determined that the reserve balance of the California Health Data and Planning Fund should fall in the range between \$4.5 million and \$5.0 million with the California Department of Finance's concurrence. Currently, the projected ending reserve balance of this fund for the 2004-05 fiscal year is only \$662,000. This dangerously low balance resulted partly from a reduction in revenues of \$2.43 million due to the reduction in fees to the 0.027% level, and partly from an unanticipated charge of \$4.2 million to fund the Song Brown program. In order to avoid a deficiency in the reserve balance of the California Health Data and Planning Fund, the Office proposes to amend Section 90417 to increase the special fee charged to hospitals and long-term care facilities from 0.027% of gross operating costs to 0.034% of gross operating costs.

The effective date of the proposed fee increase is July 1, 2005 and due on July 1, 2005.

STUDIES, REPORTS, OR DOCUMENTS RELIED UPON IN PROCESSING AMENDMENTS

California Health Data Planning Fund Condition Statement (Updated as of September 10, 2004). The Office prepared estimates of the California Health Data Planning Fund reserve balance for fiscal years 2003/04 through 2004/05 using the assessment rate of 0.027%.

ALTERNATIVES CONSIDERED

The Office has determined, in accordance with Government Code Section 11346.14 (b), that no alternative considered by the Office would be more effective in carrying out the purpose for which the actions are proposed or less burdensome to affected private persons than the proposed actions.